

**North Carolina State Health Plan for Teachers and State Employees**  
**Follow-up to Presentation of Governance Structure Report of Performance/Efficiency Audit to**  
**North Carolina Blue Ribbon Task Force on the State Health Plan for Teachers and State Employees**

**Assessment of Compatibility of Selected State Departments, Agencies and Entities with the State Health Plan (SHP)**

<b>State Department, Agency or Entity</b>	<b>Department, Agency or Entity Mission and/or Responsibilities</b>	<b>Review Team's Assessment about the Compatibility of this Department, Agency or Entity with the SHP</b>	<b>Move SHP to This Department, Agency or Entity?</b>
Department of Administration	<ul style="list-style-type: none"> <li>• Acts as the business manager for NC state government.</li> <li>• Currently oversees a variety of government operations, including procurement.</li> <li>• Tends to be the "catch-all" agency for offices or departments that don't fit in other agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Lacks specific knowledge of employee benefits or health insurance requirements.</li> <li>• Is already overseeing 23 offices and commissions with diverse functional areas.</li> <li>• Appears to lack resources to properly oversee the SHP.</li> </ul>	No
Office of State Auditor	<ul style="list-style-type: none"> <li>• Has skilled auditors and analysts who could conduct in-depth reviews and audits of the SHP.</li> </ul>	<ul style="list-style-type: none"> <li>• Office of the State Auditor cannot accept oversight of the SHP as it would lose its independence and ability to conduct audits of the SHP.</li> </ul>	No
Department of Commerce	<ul style="list-style-type: none"> <li>• Responsible for economic, community, and workforce development.</li> <li>• Provides data, statistics, information, and reports for state government and agencies that regulate commerce.</li> </ul>	<ul style="list-style-type: none"> <li>• Functional areas do not include oversight or data related to provision of health care, insurance services, or employee benefits.</li> </ul>	No
Employment Security Commission	<ul style="list-style-type: none"> <li>• Responsible for helping employers find staff they need to carry out their business and serves as a career resource center for workers at all skill levels and age groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Functional areas do not include oversight or data related to provision of health care, insurance services, or employee benefits.</li> </ul>	No

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General Assembly	<ul style="list-style-type: none"> <li>Currently has functional oversight over the SHP via the Committee on Employee Hospital and Medical Benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Committee does not meet frequently enough to provide adequate oversight.</li> <li>Committee members are legislators with competing demands on their time.</li> <li>Oversight process is too susceptible to lobbying efforts.</li> <li>The oversight of an executive branch function is being conducted by the legislative branch.</li> </ul>	No
Office of the Governor	<ul style="list-style-type: none"> <li>Head of the Executive branch of state government.</li> </ul>	<ul style="list-style-type: none"> <li>Has jurisdiction over state employees, retirees, and teachers.</li> <li>Can provide an organizational reporting structure while allowing the SHP to report functionally to an independent governing board with decision making autonomy.</li> <li>May still inject "politics" into the process by placing demands on the executive administrator or board to act (can be ameliorated through proper safeguards and controls).</li> </ul>	Yes

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Department of Health and Human Services	<ul style="list-style-type: none"> <li>• Large agency that has oversight over Medicaid, Mental Health and other health and human services programs, administrative, and support functions.</li> <li>• Has already taken responsibility for the state Children's Health Insurance Program (SCHIP).</li> <li>• Is implementing a large information technology system that could be used for billing providers and enrolling state employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Would need significant increases in staff and resources to be able to oversee the SHP appropriately.</li> <li>• Department's new information management system can process provider claims and member enrollment, but would need additional functionality to handle SHP members.</li> <li>• Lacks the provider networks that an outside group (such as Blue Cross Blue Shield of North Carolina) can provide.</li> <li>• Has major role in state's health care reform implementation that requires significant management attention.</li> </ul>	No
Department of Insurance	<ul style="list-style-type: none"> <li>• Responsible for regulating the insurance industry, licensing insurance professionals, and educating consumer about insurance products.</li> </ul>	<ul style="list-style-type: none"> <li>• Having responsibility for administration and oversight of the SHP would represent a conflict of interest with the Department's role as regulator of the insurance industry.</li> </ul>	No
Department of Justice – Managed Care Assistance Section	<ul style="list-style-type: none"> <li>• Provides advocates for patients and offers advice to North Carolina health care consumers with health insurance questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Functional area is in providing assistance to health plan enrollees with managed care programs rather than the current PPO model employed by the state.</li> <li>• Does not serve in an oversight functional role (serves an advisory role).</li> </ul>	No

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Department of Labor	<ul style="list-style-type: none"> <li>Responsible for promoting the health, safety, and general well-being of the state's workforce.</li> </ul>	<ul style="list-style-type: none"> <li>Functional area revolves around overseeing labor laws rather than insurance or employee benefits.</li> </ul>	No
Office of State Budget and Management	<ul style="list-style-type: none"> <li>Provides statewide budgetary, management, and information services.</li> <li>Responsible for providing information to agencies and the Legislature to ensure the most effective use of public resources in compliance with laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Does not have experience in operating an agency or providing services.</li> <li>Serves more as an advisory body than as an oversight body.</li> </ul>	No
Office of State Personnel	<ul style="list-style-type: none"> <li>Provides human resources services for state agencies and universities.</li> </ul>	<ul style="list-style-type: none"> <li>Lacks jurisdiction over segments of the SHP's membership, e.g., county workers and retirees.</li> <li>Is not currently responsible for overseeing benefits provided to state employees, such as health care or pension.</li> </ul>	No
Department of Revenue	<ul style="list-style-type: none"> <li>Responsible for administering the tax laws and collecting taxes due to the state.</li> </ul>	<ul style="list-style-type: none"> <li>Lacks experience with the provision or oversight of health insurance benefits.</li> </ul>	No
Office of the State Controller	<ul style="list-style-type: none"> <li>Provides essential fiscal services to support and assist State agencies in complying with state and federal fiscal laws, rules, regulations, and generally accepted accounting principles.</li> <li>Has staff with the knowledge and abilities to conduct detailed fiscal analyses.</li> </ul>	<ul style="list-style-type: none"> <li>Lacks experience with the provision or oversight of health insurance benefits.</li> </ul>	No

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Department of State Treasurer	<ul style="list-style-type: none"> <li>• The Treasurer serves as the state's banker and chief investment officer.</li> <li>• Includes oversight of the state's retirement plan, including the teachers' and state employees' retirement system and the local governmental employees' retirement system.</li> </ul>	<ul style="list-style-type: none"> <li>• Lacks experience with the provision or oversight of health insurance benefits.</li> </ul>	No
North Carolina Council of State	<ul style="list-style-type: none"> <li>• Oversight would include members of several organizations that could provide resources or input into the process (including the Treasurer's office and the Insurance Commissioner).</li> </ul>	<ul style="list-style-type: none"> <li>• Similar to the General Assembly, members have competing demands on their time and attention.</li> <li>• Could cause a conflict of interest for the State Auditor and the Insurance Commissioner.</li> </ul>	No